

Regulatory Delivery

BEIS REGULATORY DELIVERY (RD) TRADE FACILITATION EXPERT PANEL: WEDNESDAY 20TH SEPTEMBER 2017: MEETING NOTE

Attendees:

Mark Corby, Kuehne+Nagel (Chair);
Stewart Gibbon, RD
Gordon Maddan, RD
Robert Thomas, RD
Fia Virtarla, RD
Sita Shah, RD
Steve Schofield, BPMA
Dominic Whitmee, OATA
Kevin Barton, OATA
Ian Cranshaw, Chemical Industries Association
Martin Traynor, Regulatory Policy Committee
Mark Lawrie, Nationwide Caterers Association
Bob Witney, NSF International
Manjit Chana, HMRC
Howard Levene, Five Lanes Consultancy
Peter MacSwiney, ASM
Shara Galvin, Bloomberg LP
Andrew Grainger, Nottingham University
Mads Realmuto, UL
Mike Dodds, British Standards Institution
Sahar Danesh, British Standards Institution
Roger Kelsey, National Federation of Meat and Food Traders
Gwilym Stone, Maritime and Coastguard Agency
Erik Dronen, British Beer and Pub Association
Chris Sturman, Food Storage and Distribution Federation
Allie Renison, Institute of Directors
Sarah Nunn, The Ladder Association
Peter Bennett, The Ladder Association
Richard Rumbelow, EEF
Wayne Smith, BCF
Susanne Baker, techUK
John Smith, PAGB
Katrina Walsh, IMTA
Bill Wadsworth, Greggs
William Bain, British Retail Consortium
Nigel Burt, International Association of Broadcast Manufacturers
Anastassia Beliakova, British Chambers of Commerce
Walter J Anzer, British Food Importers Association
Ivan Bartolo, Sea fish Industry Authority
Sian Thomas, Fresh Produce Consortium
Andrew Kuyk, Provision Trade Federation
Olivia Santoni, Chemical, Toiletry and Perfumery Association

Graham Willson British Tyre Manufacturers Association
Duncan King, Construction Products Association
Ronnie Bennet, Home Retail group

Speakers:

Mike Barbier, Stakeholder Engagement Unit, EU Exit and International, BEIS
<https://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy>

Chaz Walia, Head of Business Engagement, DExEU
<https://www.gov.uk/government/organisations/department-for-exiting-the-european-union>

Adam Fenn, Trade in Goods, Trade Policy Group, DIT
<https://www.gov.uk/government/organisations/department-for-international-trade>

Aaron Dunne, Customs EU Exit Policy Team, Customs Directorate, HMRC
<https://www.gov.uk/government/news/new-customs-proposals-laid-out-by-government-in-new-paper-on-future-relationship-with-the-eu>

Alexia Davison (BEIS, RD EU Exit team);
Alexia.davison@beis.gov.uk;

Alex Stojanovic (Institute for Government)

Syed Moinuddin, Senior Policy Adviser, Trade & Customs Co-Operation, HMRC

Introduction

Mark Corby, Chair of the Trade Facilitation Panel welcomed members to the meeting, reiterated the importance of the panel as a means for business to engage with Government and ensure that the business voice was being heard, particularly in respect to ongoing Brexit negotiations.

Brexit – progress update supported by a Q&A session

Chaz Walia (CW) (DExEU): Chaz's team has been involved in the preparations for the PM's speech in Florence, delivered 22nd September.

<https://www.gov.uk/government/speeches/pms-florence-speech-a-new-era-of-cooperation-and-partnership-between-the-uk-and-the-eu>

CW has also been providing significant input to the Brexit Secretary's negotiations with the EU for its timed exit in March 2019, including an event at Chevening where David Davis met with selected business leaders. DExEU are looking to be as open and transparent about the negotiating positions as possible given the sensitive nature of the conversations. CW will be meeting as many stakeholders as possible and a regular bulletin as well as a regularly updated website will give further details.

CW gave an overview of the 6 papers that DExEU had published over the summer. These and other publications can be seen below.

<https://www.gov.uk/government/publications?departments%5B%5D=department-for-exiting-the-european-union>

CW reiterated that panel members, in the first instance, should contact BEIS or other Government departments where they had existing relationships with any Brexit related queries. They would be happy to take input via the expert panel.

Mike Barbier (MB) (BEIS): Since the general election MB's policy team have helped form BEIS policy on EU Exit. This has involved working with Chaz Walia's team at DExEU. MB has also led BEIS input into the Prime Minister's quarterly Business Advisory Group, where the PM receives a high level steer from business leaders on crucial business issues facing the UK economy. MB also fed into Chevening House meeting of Ministers and business leaders in early July. Next steps may be to develop bespoke papers to support officials over the Repeal Bill depending on what course things take following the PM's Florence speech.

MB reiterated the commitment to the continuation of joint cross-government working. He noted the 'cliff edge' concern of business and that business wanted one set of changes not two. He noted the likelihood of the UK requesting some form of transition period, although appreciated that this may mean different things to different people so will need clarification.

Adam Fenn (AF) (DIT): Adam set out the various directorates within DIT, the government department formed to develop a new trade policy framework post EU exit. AF works with DIT's Trade Policy Group together with Rhys Davies leading in policy and development around Trade in Goods. The Trade Policy team provide continuity over formation of trade policy and advice into the Transitional Adoption Programme which seeks transitional FTAs with third countries. The team are currently reviewing forty trade agreements with non-EU countries like Korea and Switzerland with view to being able to run smoothly from day one. Also DIT considering effect of trade relations with EU and rest of the World and likely effect on UK. DIT is also attending various groups to consider future relations post Brexit.

Aaron Dunne (AD) (HMRC): AD reported HMRC have been reviewing existing trade agreements involving UK, EU and non-EU member states to identify suitable examples/options that can support new trade agreements. Also HMRC involved in sector briefing research with sector organisations. HMRC are engaged in a series of meetings with the British Chamber of Commerce and other business representatives around the UK, including Newcastle and a two day event in Belfast. Consideration is also being given to how independent trade agreements will affect border issues with Northern Ireland.

Q&A session following Brexit updates included:

Chris Sturman (Food Storage and Distribution Federation - FSDF): Irish border question is key for the flow of transport between UK and Ireland; vital a new trade agreement is reached quickly. To achieve that will that mean all twenty-seven EU members will have to be consulted first.

Chaz Walia (DExEU): Yes, all twenty-seven would have to be consulted first with the majority agreeing on any draft proposal before a new trade agreement could be ratified.

Mark Corby (Kuehne+Nagel): A one border system could potentially take 5-7 years to agree and cost something in the region of eight and half billion pounds.

Ivan Bartolo (SeaFish): there is potential for a lot of friction by any hold ups at border controls if trade agreements are not negotiated well. This can have a very detrimental effect on fish products and loss of revenue as a result.

Aaron Dunne (HMRC): single border is not a lot different from what is in place now. HMRC would not expect it to be as onerous to agree as first reports suggest particularly given UK is fifth in the World for global processing.

Ronnie Bennett (Home Retail Group): Isn't there going to have to be more complicated areas to copy and paste into new agreements that is going to make it very challenging to do this

Alex Fenn (DIT): DIT is trying to identify where problems may arise that could cause legal issues for example. Rule of origin is one such scenario. A lot of these types of issues are commercially sensitive.

Richard Rumbelow (EEF): Recently Government Ministers admitted to 'blue sky thinking' over how any new customs relationship could work with all EU members and rest of World without consideration to making them bespoke to the countries in question.

William Bain (BRC): Some treaties have ROO within them, eg Japan – what are DIT doing to make sure business have access to all new markets? AF – highly integrated supply chains an issue DIT looking at understanding better eg automotive sector and working closely with Dfid on GSP issues.

Introducing BEIS Regulatory Delivery's EU Exit team

Alexia Davison and colleague **Sue Bide** are leading the RD EU Exit team to establish relationships with business and Government stakeholders in policy areas for which Regulatory Delivery were directly responsible (including product safety, weights and measures, timber sourcing, energy efficiency of appliances, batteries recycling). They will be conducting a review of Transnational Trade Agreements to understand issues that may affect the setting up of similar agreements once the UK has left the EU. Alexia explained there will be about sixty agreements under their scrutiny to see how well these agreements will function after EU Exit day. Alexia stressed both she and Sue would be keen to speak at any Trade Panel member's events going forward. They would also be keen to receive any facts, figures, data or anecdotal evidence on specific issues that business have and would like to share.

Launch of EU-Canada Comprehensive Economic and Trade Agreement (CETA): how will business benefit

<http://ec.europa.eu/trade/policy/in-focus/ceta/>

Syed Moinuddin (SM) (HMRC) and **Adam Fenn (AF)** (DIT): A new Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada is being introduced on 21st September. Negotiations have been long and detailed spread over a course of seven years. With immediate effect 98% of the new trade agreement will come into effect. Once all twenty-seven EU member states have ratified all areas of the agreement will the trade deal be fully endorsed and operational.

It is expected through increased trade between Canada and the EU a growth in business opportunities will arise boosting all participants' economies. Canada is a large market for the European Union's exports as well as a country rich in natural resources that can benefit the EU's Member States' economies.

CETA is a progressive trade agreement that demonstrates how such agreements can bring much benefit to participants. The UK is analyzing forty similar agreements and how they can benefit from them.

Leaflets to raise awareness about CETA and how it can help specific sectors are to be published to coincide when it goes 'live'.

CETA is similar to the recently announced free trade deal agreements the EU have with Vietnam and Japan.

SM welcomed Trade Panel colleagues sharing any points, experiences or views about good trade agreement practices.

An observation was made that generally it is not easy to set up free trade deals – the EU-Japan deal took fifteen years to agree for example.

Frictionless Borders: Discussion of business needs

Mark Corby (MC) (Kuehne + Nagel) led a discussion on the business implications and needs around border controls after exiting the EU. He outlined the necessity and pressing need to recruit and train the required amount of clerks for customs entry declarations/border staff and some rough costs of up to £16bn for the additional requirements.

The following are some of the salient points made during the discussion:

Peter McSwiney (PM), chairman of Agency Sector Management (ASM) is also the co-chair (with Arron Dunne, HMRC) of the Joint Customs Consultative Committee (JCCC) Brexit sub-group. PM said he had real concerns for his JCCC members around freight arrangements at Dover and how well these will operate without clearly thought through tariff controls and agreements in place. He requested real life case studies that would focus Ministers minds on the realities of Brexit.

Sian Thomas (ST) said that work had already been undertaken with a Focus on Enforcement review. Findings will be useful to panel members.

<http://webarchive.nationalarchives.gov.uk/20160106104013/http://discuss.bis.gov.uk/focuson/enforcement/business-focus-on-enforcement-2/business-focus-on-enforcement-fresh-produce-consortiums-review/>

MC commented there are 16,000 freight deliveries made a day at Dover port, demonstrating the vital necessity to not impose additional border controls. Groupage of trailers was also an issue that would need examination.

AD said HMRC have been using a Standard Cost Model, considering costs on a minute by minute basis. HMRC with academic support will make an assessment of what economic model is best suited to business in a non-EU trade environment.

Andrew Kuyk (AK) was keen to learn more about what the UK's AEO application proposals are likely to be post Brexit.

Alex Stojanovic (AS) introduced the **Institute for Government's report Implementing Brexit: Customs**. AS identified the salient points of the report saying it is a report designed to signpost the big risks involved in the UK taking back control of its borders. AS stressed the report mentions the UK Government is keen to explore various options for transition to ensure business only has to adjust once to new customs arrangements. At this stage the only viable option for the UK would seem they will have to apply similar rules to that of the EU but without being members of the EU. Additionally the biggest risk to the Government

avoiding the so called customs 'cliff edge' scenario is it is reliant on a number of different players providing the right conditions for this to be avoided. AS added it had already been identified new technology won't provide practical solutions for the UK to ensure smooth customs operations post exiting the EU.

Next Steps for how the Trade Panel can support the business position around Brexit

MC said the discussion around business needs during Brexit and post Brexit this afternoon were a helpful start. But clearly there is a need for a more detailed discussion around this. MC therefore requests a special meeting of the Trade Facilitation Expert Panel takes place in November once some key EU/Brexit related issues have taken place, which will be able to shape on-going discussions. Specifically the Prime Minister's speech in Florence (22 Sept) to European Union leaders setting out the UK's vision for future relations with the EU post Brexit; Germany's General Election (24 Sept); and the meeting of the European Council (19-20 Oct), where EU leaders will consider the current position reached with Brexit negotiations.

Actions:

1. RD to identify a date with members of the Trade Experts Panel for a Brexit focused meeting in early November;
2. A more focused discussion on the **Institute for Government's report Implementing Brexit: Customs** led by **Alex Stojanovic**;
3. **All Trade Experts Panel members invited to provide any evidence** (qualitative, quantitative, anecdotal) robert.thomas@beis.gov.uk **they may have on extent businesses are making use of existing Mutual Recognition Agreements** – MRAs with Japan, USA, Canada, Australia, New Zealand and Switzerland. **Replies appreciated by mid-October latest.**

In addition, please find a Brexit position paper by OATA



Brexit position paper
FINAL.PDF